



A Citizen's Guide to the Superintendent's Proposed FY 2017 Operating Budget



A Message from the Superintendent



This guide provides an overview of the Howard County Public School System operating budget process and my recommended FY 2017 budget.

We—staff, students, families, and the community—must work together to cultivate vibrant learning environments in which every student is inspired to learn and empowered to excel. To do this within budgetary confines, we must prioritize what matters most and invest responsibly.

The implementation of zero-based budgeting (ZBB) for the FY 2015 and FY 2016 budgets helped the school system to prioritize budget requests in alignment with our strategic plan, *Vision 2018: Fulfilling the Promise of Preparation*. ZBB has yielded a much leaner and more focused request, with \$32.5 million in identified savings in the first three years.

The key priorities in this budget are to sustain our excellence, invest in our people, and continue to enrich and advance our students.

In this guide, you will find important information about the school system's budgeting process, factors that influence our budget projections for FY 2017, operating revenue, and expenditures. You will also discover ways you can get involved. I encourage you to share your ideas and comments in any of the ways described in this guide.

Thank you for your continued support.

Sincerely,

Renee A. Foose, Ed.D.
Superintendent

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OUR MISSION

We cultivate a vibrant learning community that prepares students to thrive in a dynamic world.

OUR VISION

Every student is inspired to learn and empowered to excel.

OUR GOALS

Goal 1 – Every student achieves academic excellence in an inspiring, engaging, and supportive environment.

Goal 2 – Every staff member is engaged, supported, and successful.

Goal 3 – Families and the community are engaged and supported as partners in education.

Goal 4 – Schools are supported by world-class organizational practices.

Factors Influencing the FY 2017 Budget and Future Budgets



The school system considers a multitude of operational and economic factors as it prepares its budget. These factors were considered in preparing the budget for FY 2017. Notable factors influencing this budget are:

- County Maintenance of Effort (MOE) and state formula funding calculations do not provide funding for student enrollment growth in the year of the growth, which results in underfunding for growing school systems like Howard. If actual enrollment were funded in MOE and state calculations, FY 2016 funding from the county should have been \$8.1 million higher and the state's should have been \$4.5 million higher. With similar growth projected in FY 2017, HCPSS will again have to provide for nearly 1,100 new students without per pupil funding provided for these students.
- Student enrollment is projected to continue to increase. The FY 2017 budget is based upon an enrollment increase of 1,061* students in FY 2016 and an additional projected increase of 1,088 students in FY 2017.
- The FY 2017 operating budget includes 69.3 new positions to support enrollment growth and other new initiatives.
- Effective in FY 2017, the state has excluded the increase in pension costs from MOE. The FY 2017 budget includes an increase of \$6.3 million for employee pension payments and administrative costs to the state. The school system absorbs the full cost of the pension payment in FY 2017.
- Increases in the cost of employee health and dental benefits continue to comprise a significant portion of the budget. The FY 2017 budget includes an increase in General Fund contributions of \$24.3 million to the Health and Dental Fund.
- The financial impact of the prior-year's negotiated agreements adds approximately \$12.7 million to the FY 2017 salary base.
- Investment in our employees includes a placeholder equivalent to a two percent cost-of-living increase, which adds approximately \$13.0 million to the FY 2017 budget.
- As a cost-containment measure, the school system offered an Early Retirement Plan (ERP), which allowed nearly 400 employees to retire in FY 2015. The FY 2017 budget reflects a projected ERP savings of \$1.2 million.
- A growing segment of our student population carries heavy burdens to school, including poverty, homelessness, and language barriers resulting in the need for increased services. Program budgets in these areas reflect requests for increased funding to meet these critical needs.
- The current and future capital budgets include funding for renovations and additions to existing schools including major systemic renovations to many of the older school facilities as well as the construction of a new elementary school and a new middle school.

**Enrollment adjusted for part-time and other ineligible students as determined by Maryland State Department of Education (MSDE).*

Zero-Based Budgeting

The Budget Office began the implementation of zero-based budgeting (ZBB) with the FY 2015 budget cycle in support of the strategic plan, *Vision 2018: Fulfilling the Promise of Preparation*.

This process aligns with Strategy 4.3.1, Implement a zero-based budgeting process to invest in strategic priorities. Zero-based budgeting is a technique used for developing annual budgets that complements the budget planning and review process. Due to its flexibility, this method of budgeting allows department heads to identify alternative ways to utilize limited resources through a systematic review. All expenses must be justified and every function within an organization is analyzed for its needs and costs. The purpose of the ZBB analysis is to assess a particular program's activities against its statutory responsibilities, purpose, cost to provide services, and desired performance outcomes.

The following questions are answered by performance managers in the HCPSS ZBB process:

1. What does this program do and how does it support achieving the goals and outcomes in Vision 2018?
2. What staffing, supplies, equipment, and other resources does the program need in 2017 to be successful in supporting Vision 2018?
3. What is the program's purpose and what are the desired outcomes? What goals and strategies are utilized to align this purpose with Vision 2018?
4. What performance measures are in place to report on the program's effectiveness?



\$32.5 Million Identified in Savings through Zero-Based Budgeting in First Three Years

The ZBB process helps the school system prioritize requests, yielding a much leaner and more focused request. The FY 2015 request was reduced by **\$10.4 million**, the FY 2016 request was reduced by **\$10.2 million**, FY 2016 savings through cost-containment yielded **\$4.3 million**, and the FY 2017 request was reduced by **\$7.6 million**.

The school system offered an Early Retirement Plan (ERP), which allowed nearly 400 individuals to retire at the end of FY 2015. The school system will yield \$11.4 million savings in salary, social security, and retirement through FY 2023. In FY 2016 alone, the savings from the ERP totaled \$4.3 million, providing most of the internal funding for the mid-year salary increase negotiated after the FY 2016 budget was finalized.

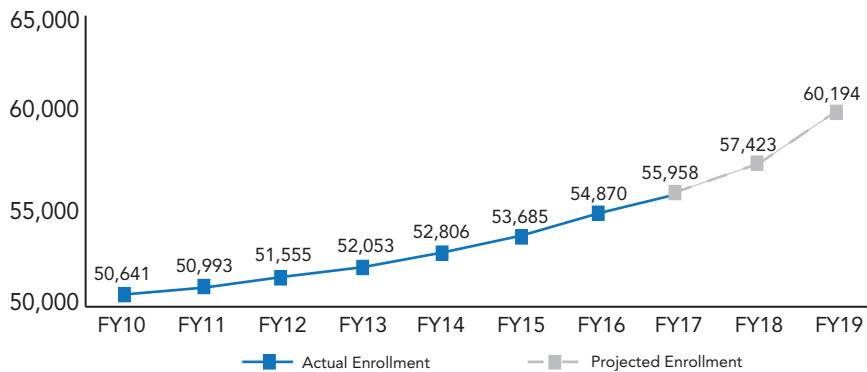
In the third year of ZBB, efforts continued to allocate resources most efficiently and effectively. Savings through redirected resources yielded \$3.0 million in ZBB savings which was applied to non-salary increases aligned with Vision 2018. Projected FY 2017 ERP savings, totaling \$1.2 million, are directed to offset salary increases.

In reviewing key activities and program alignment with Vision 2018, 35.2 requested positions totaling \$2.1 million and \$1.3 million of new initiative requests were excluded from this budget, saving an additional \$3.4 million. In total, the ZBB process yielded a reduction of approximately \$7.6 million.

A Growing and Diversifying Student Body

Howard County is growing rapidly, and current projections indicate that HCPSS will have an additional 1,088 students in the fall of 2016. Enrollment is projected to continue to grow significantly over the next five years, and at every school level.

Ten Years of Steady Growth



- The percentage of students receiving Free and Reduced-Price Meals (FARMS) has climbed in recent years. In FY 2015, 19.5 percent of students qualified for this program, up from 14.4 percent in FY 2010.
- In FY 2015, 8.5 percent of our students received special education services.
- Nearly 2,600 students participate in the English for Speakers of Other Languages (ESOL) program, representing 80 different languages and 106 countries.

STUDENT ENROLLMENT BY LEVEL

	Actual									Projected
	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Elementary	20,649	20,811	21,292	21,814	22,246	22,735	23,327	23,698	24,245	24,587
Middle	11,801	11,748	11,649	11,472	11,523	11,483	11,890	12,276	12,715	13,050
High	16,173	16,231	16,657	16,614	16,627	16,660	16,378	16,438	16,574	16,938
Cedar Lane	101	98	85	91	101	103	93	129	103	112
Pre-K	948	1,015	958	1,002	1,058	1,072	1,118	1,144	1,233	1,271
TOTAL	49,672	49,903	50,641	50,993	51,555	52,053	52,806	53,685	54,870	55,958
FY 2017 Enrollment Increase										+1,088

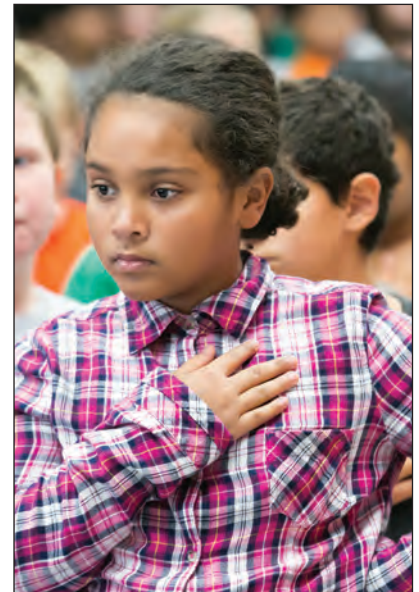
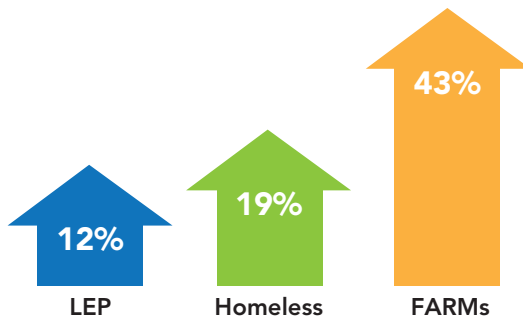


A Growing and Diversifying Student Body



HCPSS has seen consistent growth in student enrollment, especially in populations that require additional services. A growing segment of our student population carries heavy burdens to school, including poverty, homelessness and language barriers, requiring increased services. Program budgets in these areas reflect the requirement for increased funding to meet these needs.

Shifting Populations 5-Year Increase, 2010–2015



STUDENTS RECEIVING SPECIAL SERVICES*					
Service	FY 2010		FY 2015		5-Year Increase
	Number	Percent	Number	Percent	
Limited English Proficiency (LEP)*	2,082	4.2%	2,335	4.4%	12.2%
Homeless	465	0.94%	552	1.1%	18.7%
FARMS eligible*	7,149	14.4%	10,248	19.5%	43.3%
Remaining Enrollment	39,987	80.5%	39,406	75.0%	-1.5%
Total K-12	49,683	100%	52,541	100%	5.8%

*As measured by MSDE in the aid calculations for the subsequent year (excludes Pre-K).

Investing in Excellence

Recent HCPSS Accolades

- HCPSS has been ranked the top public school district in Maryland for 2016 by Niche.com, an education and community analysis firm. Niche.com scored school districts based on factors that included state test scores, college readiness, graduation rates, SAT/ACT scores, teacher quality, student and parent reviews, and other parameters.
- In 2014, Columbia/Ellicott City ranked sixth on *Money* magazine's Best Places to Live in America list. Our diverse and outstanding school district was cited as a key factor.



The Howard County Public School System continues to set a standard for excellence throughout Maryland and the nation. Our students consistently excel on many measures of achievement, and our instructional program serves as a model for innovative practice.

Our entire community shares a stake in ensuring that Howard County schools continue to excel. Public school quality is closely linked to the prosperity of the local economy. School funding is an investment in our students' futures—not an expense—and is essential to securing the future for our entire county.

Research shows that HCPSS' direct, positive impact on our local economy totals approximately 8 percent of county output. The school system supports nearly 13,000 county jobs, and drives \$1.85 billion in local business sales – an amount representing more than double the HCPSS annual budget. Investments in education today deliver returns that extend years into the future, for our children and our entire community.

As our county's growth continues, the size of our investment in education must rise in proportion to our county's growth. Nearly 1,100 new students are expected to enter our classrooms next year, adding significant costs for new teachers, instructional supplies, and facilities. Costs for new students add significantly to the FY 2017 budget, but are not covered by MOE funding, which is based upon enrollment in the previous year.

More and more students face poverty, language barriers, and other challenges to learning and prospects for lifelong success. The HCPSS budget includes funding to provide these students with the supports and specialized services they need to succeed.

In 2013, our system launched a five-year strategic plan, *Vision 2018: Fulfilling the Promise of Preparation*, to build an educational program that is among the best in the world. Already, we have taken great strides on the road to world-class. We have aligned our instructional program more closely to the skills students need for college and career readiness, and broadened its scope to engage every child in learning.

Strategic investments in education will give every child an opportunity to thrive, and ensure the long-term vitality of our entire community.

College and Career Ready

- Graduation rates for the class of 2014 were 92.9 percent, with attendance rates of 96 percent for all levels. More than 93 percent of graduating seniors continued their education beyond high school.
- In FY 2015, 55 percent of HCPSS students participated in a variety of Gifted and Talented Program offerings.
- HCPSS students consistently score above the national average on standardized tests. In 2015, HCPSS students achieved an average of 1656 on the SAT, well above the state average of 1434, and the national average of 1462.

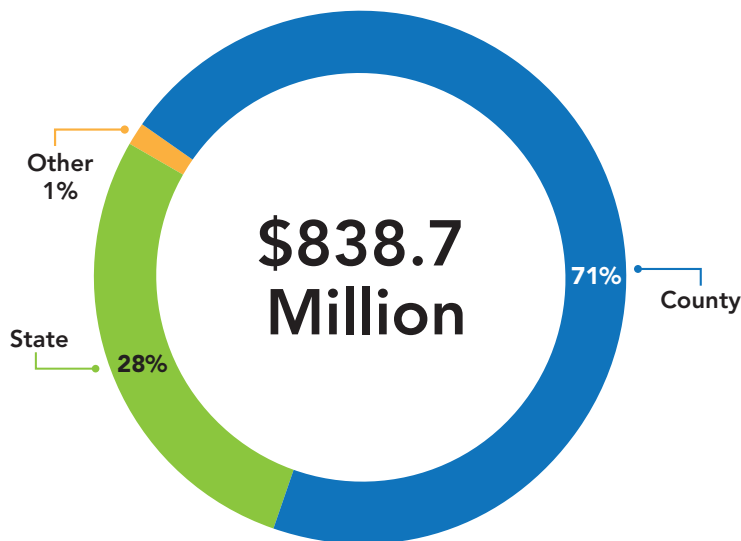
How the Budget is Funded

The primary source of revenue for the Howard County Public School System is the appropriation from the Howard County Government. The county allocation of \$595.9 million represents a Maintenance of Effort (MOE) level of funding as provided for in State Law (based on an increase of 1,061* students), plus \$40.7 million to fund: \$30.6 million in mandatory increases to employee health and pension, a placeholder for FY 2017 salary increases, and new teacher positions and instructional materials for 1,088 new students that are not part of the MOE calculation. The total increase in budget from FY 2016 is \$62.4 million or 8.0 percent.

Maryland State Aid formulas include unrestricted funds and is distributed based on enrollment, relative wealth of each county, level of local expenditures for education, and other factors. The State Aid includes \$5.6 million in discretionary Geographic Cost of Education Index (GCEI) funds.

Other revenue sources include building use fees, gate receipts for athletic events, fees for out-of-county students assigned to HCPSS, interest income, summer school tuition and e-rate rebates.

Revenues: How the Budget is Funded



CHANGES IN FUNDING				
	Approved FY16	Proposed FY17	Dollar Change	% Change
County	\$544,144,625	\$595,881,968	\$51,737,343	9.5%
State	\$222,260,462	\$231,776,043	\$9,515,581	4.3%
Other	\$9,933,293	\$11,032,769	\$1,099,476	11.1%
Total	\$776,338,380	\$838,690,780	\$62,352,400	8.0%

*Maintenance of Effort increase is based upon state criteria for actual enrollment between FY 2015 and FY 2016.

How the Budget is Spent

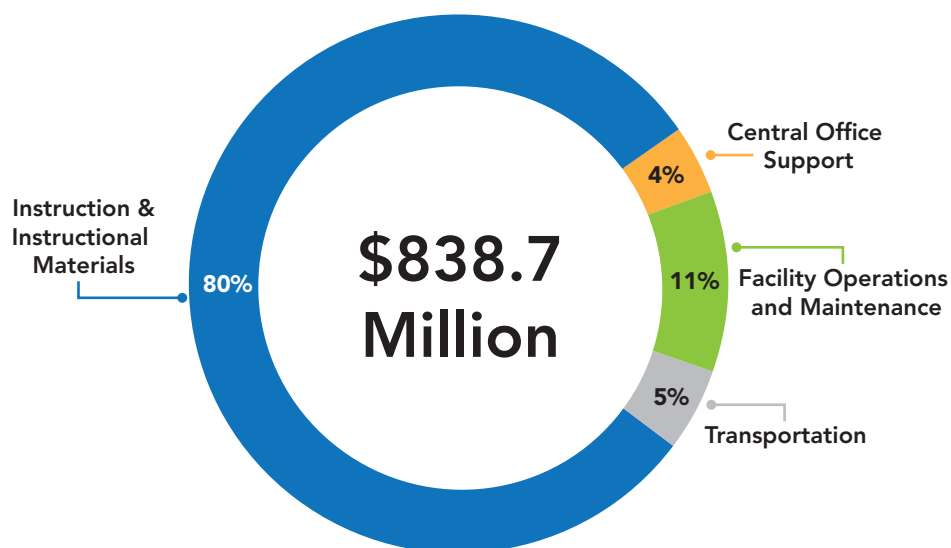


The FY 2017 operating budget proposal totals \$838.7 million and represents an increase of \$62.4 million or 8.0 percent.

This increase in expenditures is primarily attributable to negotiated salary increases from prior-year contracts, a placeholder for an FY 2017 salary increase, continued student enrollment growth, required contributions to the Health and Dental Fund for employee health benefits, and the increase in teacher pension costs.

Expenditures by Budget Area

The graph below shows the percentage of expenditures reported by budget areas.



Of each budget dollar, 80 cents funds instruction and instructional materials, 5 cents funds transportation, and 11 cents funds facility operations and maintenance. Central office support accounts for just 4 cents per budget dollar – one of the lowest overhead levels among school systems throughout Maryland.



Investing in a World Class Workforce

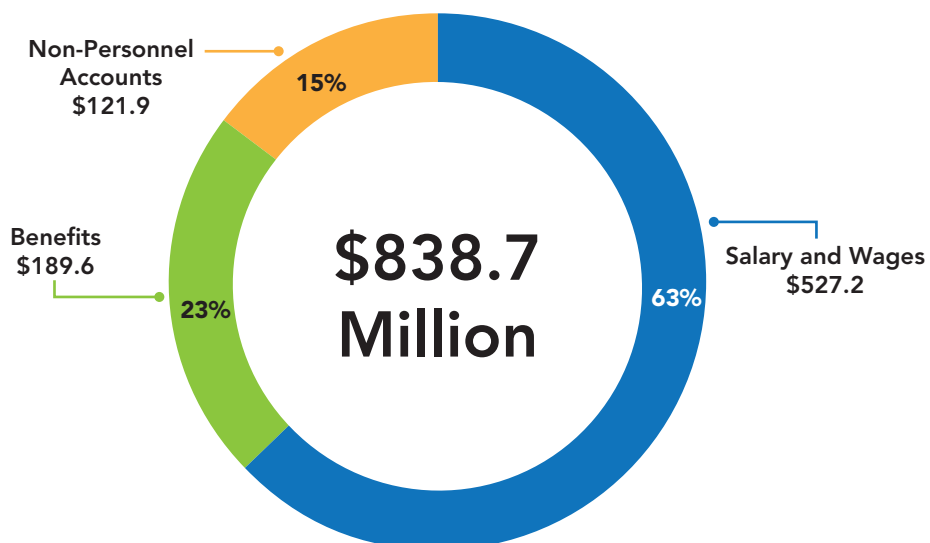
The majority of the operating budget, 85.5 percent, goes to pay salary and benefits for school system employees. Total expenditures for compensation and benefits account for nearly \$716.8 million.

The remaining 14.5 percent or \$121.9 million of the operating budget is expended for non-compensation related costs. The major expenditures in these areas are:

- Transportation service providers, excluding administrative costs (\$33.4 million).
- Utilities (approximately \$18.8 million).
- Instructional supplies and materials for schools (\$14.7 million).
- Non-public placements: tuition and transportation costs for nearly 200 special education students attending non-HCPSS schools (tuition \$7.1 million, transportation \$3.4 million).
- Technology services and computers (\$11.5 million).
- Maintenance costs for buildings, supplies and equipment (\$7.6 million).



Operating Budget Expenditures



Expenditure	Actual FY 2013	Actual FY 2014	Actual FY 2015	Approved FY 2016	Superintendent Proposed FY 2017
Salaries & Wages	\$471,706,276	\$480,978,190	\$498,065,051	\$512,487,988	\$527,200,043
Benefits	125,637,275	144,502,934	145,982,992	152,905,740	189,588,317
Non-Personnel Accounts	99,812,456	102,283,126	110,339,322	110,944,652	121,902,420
Total	\$697,156,007	\$727,764,250	\$754,387,365	\$776,338,380	\$838,690,780

Investing in a World Class Workforce

A Destination System for Staff

HCPSS is a destination school system, not only for students, but for staff as well. In FY 2015, we had well over 12,000 applicants for 442 teaching and service-related positions. Thus, our system is able to select the most highly qualified candidates. In FY 2016, the HCPSS employed 4,134 certificated teachers, 71.1 percent of whom held masters degrees or higher.

The FY 2017 budget request includes \$25.7 million in additional compensation for staff. This represents \$13.0 million in FY 2017 increases and \$12.7 million in increases based upon the FY 2016 negotiated agreements.

2015–2016 Starting Teacher Salaries Bachelor Degree, Step 1

Frederick	\$41,259
Harford	\$42,206
Baltimore Co.	\$43,000
Carroll	\$43,000
Anne Arundel	\$44,991
Prince George's	\$46,380
Montgomery	\$46,410
Baltimore City	\$47,950
Howard	\$49,049

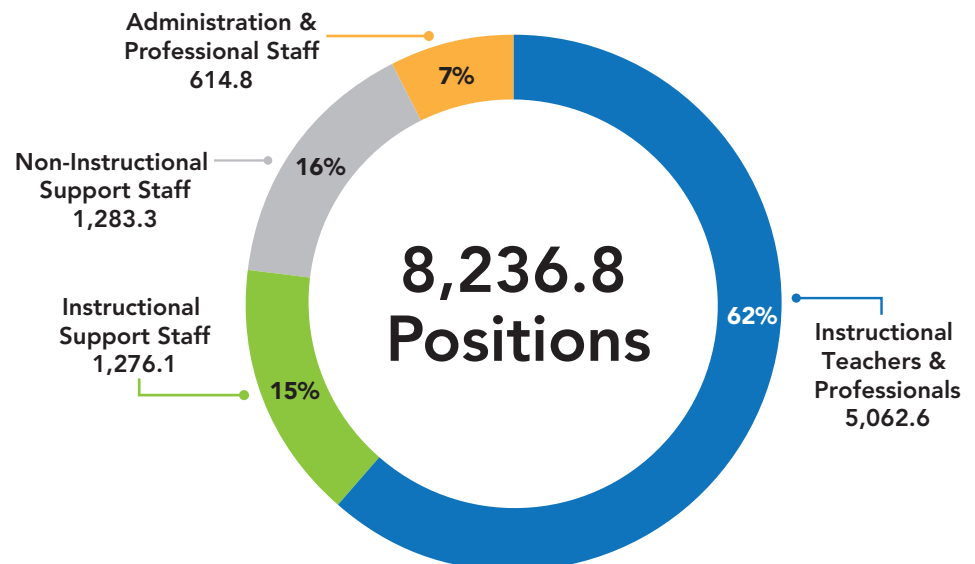
Mid-Career Teacher Salaries Master's Degree, Step 15

Frederick	\$63,396
Baltimore Co.	\$66,807
Anne Arundel	\$72,890
Carroll	\$73,060
Harford	\$73,491
Prince George's	\$78,850
Howard	\$78,989
Baltimore City	\$79,699
Montgomery	\$87,844

Our core mission is to cultivate a vibrant learning community that prepares students to thrive in a dynamic world. This mission can only be realized if school system staff are supported professionally and personally, and prepared for and engaged in their careers. The FY 2017 budget request reflects our commitment to maximizing our investment in the classroom. More than three-quarters of the HCPSS workforce work directly with students to facilitate teaching and learning.

The following tables and graph present detail on the composition of staff between the instructional and administrative functions as well as between funds.

HCPSS Personnel Resources		
Position	Total FTE FY 2017	%
Instructional Teachers & Professionals	5,065.6	62%
Instructional Support Staff	1,276.1	15%
Non-Instructional Support Staff	1,283.3	16%
Administration & Professional Staff	611.8	7%
Total Positions (FTE)	8,236.8	100%



Budgets Positions by Fund					
Position	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
General Fund	7,552.7	7,665.4	7,693.2	7,709.7	7,779.0
Grants	165.0	177.0	171.0	173.5*	182.6*
Internal Service Funds	53.0	54.0	81.0	82.0	83.0
Food Service	187.0	188.0	191.0	191.0	192.0
Enterprise Fund				0.2	0.2
Total Positions (FTE)	7,957.7	8,084.4	8,136.2	8,156.4	8,236.8

*Grants FTEs are estimated for FY 2016 and FY 2017

Investing in High Quality Teachers



The Howard County Public School System is committed to attracting and retaining the highest quality teachers. Teachers employed by the Howard County Public School System receive salaries competitive with those of surrounding areas. Post-baccalaureate studies are encouraged through generous financial reimbursement of graduate and undergraduate credits. In addition, all employees receive sick and personal leave, life insurance, a pension plan, and a flexible health benefits package. The Howard County Education Federal Credit Union is also available to all employees.

Health and Medical Benefits

The cost of a comprehensive health insurance plan is an important consideration for a new teacher. The HCPSS is committed to providing a comprehensive benefits package to meet the needs of all employees and their families. Teachers/employees can select a Health Maintenance Organization (HMO) or a Preferred Provider Organization (PPO). One of the most important features of these programs is the cost to the employee/teacher. The employee's premium cost for all levels of coverage (individual, parent/child, family, etc.) is currently no more than 15 percent of the cost of the health plan selected. Employee health insurance contributions are not taxed. In addition, teachers can select from other benefit options such as dental, vision, and group life insurance/accidental death and dismemberment; and short-term and long-term disability insurance, among others.

TEACHER COMPENSATION

FY 2016 Compensation	1 Year Teacher	15 Year Teacher	30 Year Teacher
Salary	\$49,049	\$78,989	\$98,523
Employer Paid FICA	3,752	6,043	7,537
Employer Paid Pension Contribution	7,588	11,957	15,242
Employer Paid Health Benefits, Credits, and Life Insurance	5,367	15,877	14,039
Employer Paid Tuition Reimbursement	3,600	*	*
Total Compensation Package	\$69,356	\$112,866	\$135,341

*Tuition reimbursement is available for employees who have not exceeded their tuition reimbursement allotment per the negotiated agreement.



The Budget Process

Each fall, the school system develops priorities and begins to compile budget requests for the next fiscal year. These requests are submitted to the school system's budget office and are reviewed by the Superintendent and other system leaders. The Superintendent submits a proposed budget to the Board of Education in January.

The Board holds public hearings and work sessions, then submits a budget request to the Howard County Executive in March. The County Executive may recommend changes to the education request before submitting a proposed budget to the County Council in April. The Board of Education may amend its budget request and the county government may consider the amendments before the budget is approved.

The County Council holds public hearings and makes changes to the County Executive's budget. The council may reduce any portion of the executive's budget and may also restore funding to the school system. Additional Board of Education meetings may be held during the latter part of the County Council's budget review process to respond to last minute budget issues.

The County Council approves the county budget in late May. The Board of Education adopts the detailed school system budget by June 1.

FY 2017 Operating Budget Schedule

January 7, 4 p.m. Superintendent presents budget
January 15, noon Livestream Forum on budget, www.hcpss.org
February 2, 7 p.m. Public hearing on Superintendent's proposed budget
February 4, 1 p.m. Board of Education budget Work Session I
February 9, 7 p.m. Board of Education budget Work Session II
February 16, 1 p.m. Board of Education budget Work Session III
February 18, 2 p.m. Board of Education budget Work Session IV
February 23, 9 a.m. Board adopts budget request
By March 11 Requested budget submitted to County Executive
April 18 County Executive submits budget to County Council
April 21, 7:30 p.m. Board of Education Public Hearing on budget changes
April 25, 7 p.m. County Council Public Hearing on Board of Education request
April 29, 8:30 a.m. County Council Work Session on Board of Education request
May 19, 7:30 p.m. Possible Board of Education Work Session on budget changes
May 23, 8:30 a.m. County Council Work Session on budget amendments and pending issues
May 25 County Council approves budget
May 26, 7:30 p.m. Board of Education adopts approved budget

Get Involved

The public is encouraged to attend public hearings and work sessions and may provide written and/or verbal testimony.

Please note that written testimony is part of the public record maintained by the Board of Education and may be accessed by members of the public, upon request.

Budget Feedback to the Board of Education

Written testimony on the Operating Budget may be submitted via email at boe@hcpss.org or by letter addressed to:

Howard County Board of Education
Attn: Budget Testimony
10910 Clarksville Pike
Ellicott City, MD 21042

Budget Feedback to the Budget Office

In addition to written testimony at public hearings, you may submit comments throughout the year to the Budget Office prior to the Superintendent's official presentation to the Board of Education. Feedback may be submitted online by going to: www.hcpss.org/aboutus/budget_participate.shtml.

Written feedback may be submitted by email to budget@hcpss.org, or by U.S. mail to:

Howard County Public School System
Attn: Budget Office
10910 Clarksville Pike
Ellicott City, MD 21042

Budget Feedback to the Howard County Government

You may submit comments during the county government's review of the school system budget.

The County Executive and County Council members are:

Allan Kittleman, County Executive
Jon Weinstein, Council Member, (District 1)
Calvin Ball, Council Member (District 2)
Jennifer Terrasa, Council Member (District 3)
Mary Kay Sigaty, Council Member (District 4)
Greg Fox, Council Member (District 5)

The address for correspondence to county officials is:

Howard County Council
George Howard Building
3430 Court House Drive
Ellicott City, MD 21043
410-313-2001 (County Council)

Email addresses for county officials, and more information on the county budget process, can be found on the county government's website: www.howardcountymd.gov.



For More Information

Citizens who need more information on the school system budget may contact:

HCPSS Budget Office
410-313-6707

Public Information Office
410-313-6680

An electronic copy of the budget, along with other budget information, can be found on the school system's website at: www.hcpss.org.

Copies of the operating budget are available from the Public Information Office.

Connect with us!

www.hcpss.org



Howard County Public School System



@hcpss



10910 Clarksville Pike
Ellicott City, Maryland 21042
410-313-6600

The Howard County Public School System does not discriminate on the basis of race, color, creed, national origin, religion, physical or mental disability, age, gender, marital status, or sexual orientation in matters affecting employment or in providing access to programs. Inquiries concerning the application of Title IX should be referred to: Title IX Coordinator, Office of Equity Assurance, Howard County Public School System at 10910 Clarksville Pike, Ellicott City, MD, 21042, 410-313-6654.